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**STATE OF WASHINGTON  
KING COUNTY SUPERIOR COURT**

THE STATE OF WASHINGTON,

Plaintiff,

v.

HOLLYSTONE HOLDINGS, INC.,

Defendant.

NO. 17-1-07027-7 SEA

PLEA AGREEMENT

13 1. The parties, the State of Washington, by and through Bob Ferguson, Attorney General  
14 for the State of Washington, and his assistant, Andrew Hamilton; and Defendant Hollystone  
15 Holdings, Inc., by and through its attorney, David H. Smith, acting with the consent of Edmund  
16 J. Wood, Chapter 7 Trustee of the Bankruptcy Estate of Sam A. Adams and Erika M. Adams  
17 (“the Trustee”), enter into the following plea agreement:

18 2. Hollystone Holdings, Inc. agrees that it is vicariously liable for the actions of Lincoln  
19 Plaza Athletic Club, Inc., West Seattle Athletic Club, Inc., and West Seattle Club, Inc., which  
20 were companies that fell under the corporate umbrella of Hollystone Holdings, Inc.

21 3. Hollystone Holdings, Inc. agrees to enter a corporate Alford plea of guilty through its  
22 counsel of record, David H. Smith, to one aggregate count of Theft in the First Degree, a class  
23 B felony. The parties agree that the maximum penalty for this offense is a \$10,000 fine. At the  
24 time of the guilty plea, the State will move to dismiss without prejudice the charges included in  
25 the Second Amended Information under Cause Number 15-C-00888-5 SEA. This dismissal is  
26 contingent upon the fulfillment of this plea agreement with Hollystone Holdings, Inc. If said

1 agreement is not fulfilled, the State reserves the right to refile the criminal charges in Cause  
2 Number  
3 15-C-00888-5 SEA.

4 4. The parties request that sentencing in this matter be continued for two months after the  
5 entry of the guilty plea. At sentencing, the State will recommend that the defendant, Hollystone  
6 Holdings, Inc., pay a \$500 victim penalty assessment;

7 5. As part of this plea agreement, within six months of the entry of the Judgment and  
8 Sentence, Hollystone Holdings, Inc. agrees to pay restitution in an amount that will equal the  
9 total amount owed to former employees who were never compensated for their back wages. The  
10 parties agree to work together in an effort to determine said amount owed to be paid to these  
11 employees. If such agreement on wage payments cannot be reached, either party reserves the  
12 right to request that the Court conduct a restitution hearing pursuant to RCW 9.94A.753(7);

13 6. The Attorney General for the State of Washington agrees not to charge Hollystone  
14 Holdings, Inc., their officers, employees or agents with any additional crimes arising out of this  
15 investigation.

16 7. Hollystone Holdings, Inc., and its Trustee agree not to file any legal action against the  
17 State of Washington Attorney General's Office, the Department of Revenue ("DOR"), the  
18 Employment Security Division or any of their employees for any matters arising from this  
19 investigation and prosecution. This provision, however, does not preclude them from seeking  
20 any relief from claimed retail sales tax liability or obtaining a refund of sale taxes previously  
21 paid to DOR.

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2 DATED this \_\_\_\_ day of November 2017, at Seattle, Washington.  
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6 ANDREW R. HAMILTON, WSBA #8312  
7 Assistant Attorney General  
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9 \_\_\_\_\_  
10 DAVID H. SMITH, WSBA#10721  
11 Attorney for Defendant  
12

13 /s/ \_\_\_\_\_  
14 EDMUND J. WOOD, WSBA #3695  
15 Trustee of the Bankruptcy Estate of Sam A. Adams  
16 and Erika M. Adams  
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